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FINANCES AND POLICY OF NEW-YORK.

Speech delivered in the Senate of the State of New-York, when in Committee of the Whole on the bill "providing for carrying on the several Works now in progress": by GULIAN C. VERPLANCK, Chairman of the Committee on Finance.

I had regarded the carrying on the great public works now in progress as being part of the well settled and unquestioned policy of the State, and had therefore hoped that the only subject of discussion at present, would be as to the details of construction and management, and the amount of funds which the revenues of the State and financial prudence would allow us to apply at present.

But this prolonged and animated debate has taken a much wider range. It has embraced not only those details, but the history of our public works, the policy of the enlargement of the Erie canal and the construction of others. It has extended to the whole question of internal improvement, either immediately by the State itself, or by its loans of funds or credits to companies. Finally it has covered our whole financial policy and the present condition and resources of our treasury; interspersed with bold though vague predictions of oppressive taxation, of ruin and bankruptcy.

I have before me in the papers which my official duty as Chairman of the Committee on Finance has led to prepare, the means of entering at large into this discussion in all its branches. But I have been anticipated in part by the Chairman of the Committee on Canals, (Mr. Moseley,) as to much of the details of our system of canal construction and the expenditures necessary for this year. His official relation to this subject as well as his familiar acquaintance with these details renders it unnecessary for me to go over the same ground. I content myself with saying that my own examinations of these matters, less minute doubtless than his, but made separately and with some care, have led to the same conclusions.

I shall therefore confine myself mainly to directing the attention of the Senate to another branch of the subject; I mean that which relates to the financial condition and prospects of the State, and its general policy of internal improvement.

We have heard much of oppressive taxes and utter loss of credit and total ruin. We have been told of the necessity of winding up our whole system of internal improvement at the hazard of bankruptcy if we persevere; or at any rate of the certainty of severe and grinding taxation. To me all this seems groundless and idle; yet since it may alarm some portion of our constituents; since it

may have some effect upon the value of our stocks and the credit of our State at home or abroad, it is well to look calmly at the matter, to examine our property and prospects, and to make a fair and full estimate of our responsibilities and our resources, of our income, revenue and expenditures, of the cost of the works which we have undertaken and of the means of payment upon which we may reasonably calculate.

Let us first take a general view of our present fiscal condition without regard to the question of revenue and expenditure. Let us examine the amount of our capital and of our debts—let us in commercial phrase, take an account of stock.

The State of New York has now a population not much below three millions, that is still increasing, and is evidently destined to increase with greater or less rapidity for many years, as cultivation continues to advance, and as enterprise, science, and public improvement progressively develop the natural resources and wealth of our land. The comptroller's report for the present year, shows an aggregate valuation of taxable real and personal property to the amount of above six hundred and fifty millions of dollars, now assessed and taxed only for the town and county charges. As this valuation does not include a large amount of exempted property, (public and that of public institutions, churches, colleges, schools, &c.) and as the valuation of real estate is almost every where, except in the cities, very far below the true value of the property; it is a moderate estimate to say that we have above one thousand millions of real and personal property belonging to the citizens of this State. This places the State of New York on a level at least, in present wealth and resources, with many of the sovereign powers of the world—Holland, Belgium, Sweden, for example, upon whose credit the capitalists of Europe rely with confidence; whilst our prospective means far exceed those of densely peopled communities, which if not entirely stationary, can yet hope for only a slow and limited advance in wealth and population.

Let us now look at the means of the State in its own right, independently of the resources of its citizens.

I shall state them in round numbers and as composing our aggregate property. Some of those

funds are, we all know, wisely appropriated to specific purposes—but these are purposes of public utility, and so far diminish the expenses or taxes which would otherwise fall upon the private citizen. The State possesses of the U. S. Deposite Fund,

safely and productively invested on mortgage, about,

The School Fund proper, exclusive of a large body of uncleared lands,

Literature Fund,

Our salt rents, (for such they are in fact, though called salt duties; being the income from the Salt Springs belonging to the State and paid by the manufacturers) are now \$150,000, and annually increase, representing a capital valued low at

\$4,100,000

2,100,000

300,000

\$3,000,000

\$9,500,000

Besides this amount the State owns its canals, bringing a clear income of \$1,200,000 after the payment of ordinary repairs, superintendence, &c. Calculating the capital of this income at the same rate as that of our State debts, (5 per cent) we already have exclusive of any estimate of prospective value, a capital in our canals of \$24,000,000. Thus it appears that the State of New York has a valuable and productive property of above *thirty three* millions of dollars to meet its debts; and this entirely exclusive of its costly public buildings, prisons, &c., not considered as productive or available property.

Now how stands the other side of the account? Our first and oldest debt is the remainder of that contracted for the original construction of the Erie and Champlain canals, amounting to \$2,200,000, little of which is payable except with the consent of the holders, before 1845. Funds heretofore derived from the canal income after paying off the debt so far have left a surplus now invested at interest more than enough to meet the interest and reimburse the remaining principal of this debt.

This debt being thus more than provided for from its specific funds, ought no longer to be charged against the State, in any general estimate of her indebtedness and resources.

The State owes (before making any new loan for the current year) for the new canal debt contracted for the enlargement of the Erie canal now in progress, and for the new lateral canals about

\$10,280,000

From which I do not deduct \$800,000 (March, 1840) on hand, as that is appropriated to the payment of actual contracts nearly due. The Astor debt and the Bank Fund debt amount to

1,220,000

\$11,500,000

In this statement I throw aside the "General Fund debt" of \$2,120,000 which appears on our books, and is often misunderstood or misrepresented as so much State Debt. It is entirely

nominal. Above one half is merely the total amount formerly paid in successive years from the surplus canal income, towards ordinary State expenses, whenever the other revenues of the State fell short. The rest consists of a large temporary advance made by one State Fund to another, which sum is now invested in the name of the Debtor Fund on mortgage; and of this amount the General Fund appears on our books as the borrower from one and the lender to the other. All this, as a matter of account, is important. As a charge or debt against the State amounts to nothing at all.

There are in addition to our direct debts, certain responsibilities in the form of loans of State credit advanced to the Delaware and Hudson Canal Company, the New York and Erie Railroad, and three other incorporated Railroad Companies, the whole amounting to \$1,600,000. For these loans all the property of these incorporations is pledged prior to any other incumbrances. On the oldest of those loans, now of several years standing, the loan of \$800,000 in State stock to the Delaware and Hudson canal, the interest has been regularly paid by the company. The occasional dividends to the stockholders and the market value of the stock at its lowest point, show the security of the loan. For all the above named loans we have then a large proportional security in a greater amount expended on the works pledged for the debt. But if any part of this should be considered as having been injudiciously expended, an allowance of twenty-five per cent. might be made as a guaranty against such contingent loss, which would thus add to our probable responsibilities \$400,000.

The result then of this whole examination is that if the Legislature should take counsel of the strange fears which have been expressed, and in a moment of groundless panic, suspend our public works, and declare the State insolvent, it would present the singular spectacle of assigning for the benefit of our creditors, above thirty-three millions of well invested and productive property, regularly increasing in income and value to satisfy debts and responsibilities of about twelve millions. Or to state the matter in another form—the capital of our clear income from the canals is more than double the whole amount of our indebtedness, and we have near ten millions of productive property besides.

But the alarm, it will be said, is not as to our present, but as to our future condition; that interest and expenditure will soon overrun income, if we persevere in our present plan of using the State credit for completing our public works; and that thus, every year will bring us nearer to ruin, until we reach the necessity of enormous and oppressive taxation.

Let us then examine our State revenues, and our expenses. I throw out in this statement the county and town expenses and taxes, for roads, bridges, poor and other local charges. I set aside, also, the liberal payments for the aid of science and of general education, as well as all estimates of the income of the three large and well invested funds, the Common School fund, the U. S. Deposite

fund, and the Literature fund, specifically appropriated to their several objects, of public education and the diffusion of knowledge. I exclude also other local funds, as the Passengers' and Marine Hospital fund, and their application under State authority. All these would only complicate the account without necessity, as the several amounts of revenue meet their several charges without otherwise affecting the State's financial concerns.

The manner in which the accounts of the Treasury have long been kept, and their results annually reported to the Legislature, by successive Comptrollers, is not such as to make them easily intelligible to those who are not familiar with the history and state of our accounts, and of the several real or nominal funds, that appear in our books. I shall endeavor to state the results in a simpler form; yet, however the two modes of statement may appear to differ, they must coincide substantially. I had, last year, as a member of this finance committee, the honor to submit a report embracing these subjects. The statement I now offer will differ from that somewhat, for several reasons. First, because the estimates are now more accurate, because founded on last year's experience, added to those of prior years, while those of 1839 had been founded on the reports of 1838 alone. Again, recent legislation has somewhat affected the statement, on both sides of the account; as for example, turning certain fees into the treasury, and substituting salaries, and in other ways. Other changes in keeping or stating the accounts, may make some apparent, where there is little real difference. I shall divide our income and expenditure into, 1st, State income and expenses proper; and 2d, the Canal income and expenditure.

The expenses of our State Government, taking a liberal scale, may thus be stated:

The Legislative, Judicial, Executive and Militia expenditure, (this year \$294,000,) may be estimated at

\$300,000

The Geological Surveys, buildings, the Asylum for the insane, Indian payments, and miscellaneous expenses were in 1839, \$137,000. Many of these are temporary charges, but may be succeeded by others similar in nature. Amount,

Annual grants to Hospitals, Deaf and Dumb, Asylum for the Blind, &c.

Interest on the State debt, other than that for Internal Improvement,

\$150,000

The State's income from duties or sales at auction, taking the average of five years past, is about \$200,000

The Salt Rents bring in 150,000

Sundry minor sources of revenue, are together estimated at 60,000

\$410,000

Leaving a deficiency of ordinary State revenue to meet expenditures, of \$170,000

This deficiency, it should be observed, is founded on the estimates of a year of great expenditures, for public buildings and other purposes besides the necessary support of Government. The payments during the last fiscal year, for all State purposes, exclusive of internal improvements, education, and the extinguishment of Indian debt, were \$515,000; so that the estimate of \$580,000 allows largely for extraordinary expenses. This deficiency, which cannot well exceed, and may commonly fall short of, \$170,000, is to be met, as heretofore, out of the canal revenue, either in the form of a loan from one State fund to another, or as I think better, because more simply, by a direct deduction from the excess of the canal income.

The gross income from the canals during the last year, was from tolls, with some minor sources, about \$1,657,000. It may be then stated without estimating prospective increase, at

\$1,660,000

The gross expenditure was stated at \$586,000, in 1839, but in this were included for the construction of the Black River feeder, the improvement of Tonawanda creek, &c., \$136,000, which were in fact new works, not properly chargeable to repairs. Expenditures, therefore, are about

450,000

Thus leaving a clear canal income of \$1,210,000

Upon this is to be charged the interest of the canal loans already (March, 1840) made. Upon the Erie enlargement loan \$201,000 On the debt for finished lateral canals, 174,000 On the loans for the lateral canals, in progress, 140,000

515,000

Leaving Now deduct the deficiency of the State revenue from other sources 170,000

695,000

A surplus remains of \$525,000 There we find a clear revenue of above half a million, after meeting all interests and the payments of an expensive year. This surplus will pay the interest of ten millions of additional casual loans, taking the ordinary average rate at which such loans have been made. If a sum not exceeding four millions should be borrowed for the extension of the works now in progress, during the present year, and requiring an annual interest of \$200,000, we shall still have an annual excess of income of \$300,000 as the basis of future loans; and besides, about \$400,000 of this year's income to be applied to the purpose of construction.

It is proper, however, to add, that besides the regular charge for repairs, (included in the \$450,000) there is occasionally estimated a further sum for "extraordinary repairs." These consist of minor additions and improvements and new structures on the finished canals. They might more properly be charged to the account of capital expended for the reconstruction and enlargement, than deducted from annual income. That however is only a question as to accounts, for the aggregate sum, if paid directly from tolls, so much diminishes the total cost of the construction. In every shape the appropriation must become less necessary as our permanent and enlarged works are finished. Still as long as this charge is continued upon the annual canal revenue, it will lessen the clear amount applicable to interest, by about \$100,000, which is the estimate for this year.

It may be observed that this charge is very much within the control of the State, and may be diminished or omitted in case the fund should be absolutely demanded for other objects. Besides this, the salt and auction income, are above calculated on the average of former years, in order to be within the safest limits of ordinary income. But they are essentially progressive, and might more probably be estimated (without any prospective calculation) as equal to the actual receipts of 1839, or \$415,000, being \$65,000 more than the estimate, which, with the surplus of \$25,000, will nearly meet this contingent additional expense.

Such are the conclusions to which I have come, as to the income and expenditure of the State, supposing them to be stationary and to be calculated only upon those of the last fiscal year, without increased income or diminished expenses hereafter. Now all this presents no possible cause for apprehending loss of credit. Indeed, it is remarkable that this last year of gloom and disaster has yet, from the necessary operation of our system of internal transportation presented financial results in a clear excess of revenue such as have not been exceeded even in the most prosperous of the preceding years.

But the system of public works now in progress, if continued, pledges us to large future expenditures. Let us then look at the reasonable probabilities for the future.

We have heard and read in debates and reports, much confident prediction, and as many gloomy forebodings of the heavy burden of taxation which must be imposed on the people of this State, in two or three years, in order to meet the annual interest of the debt to be entailed upon them by our canals. Taxation has been predicted, not such as the State has formerly borne without any serious inconvenience, but grinding and oppressive, such as to curse the land with a sterility not its own, and to bow down the people to the earth in misery so helpless, hopeless and intolerable, that they will arise in wrath and cast off the obligation of a debt so oppressive.

Allowing for all the exaggerations of declamation and of party, which have done much to darken this picture, still taxation in any form or degree,

is not a light matter. It is right therefore, that we should look at our affairs calmly, and carefully examine before we proceed, the whole possible extent of the threatened evil, however distant or uncertain. Let us then suppose, that in addition to upwards of seven millions already expended or provided, the State should go on to expend on the enlargement and the lateral works, the whole amount of loans, of which our present surplus income would meet the annual interest without State taxation. This would last about three years, including the present, and we should then have spent above seventeen millions. There would then remain (unless reduced rates of construction and materials should lessen the future contracts, as is probable,) about fourteen millions of dollars more to be raised to finish the works. Let us again assume the worst aspect of affairs, and take it for granted that in the lapse of three years, the increase of population and wealth during that period, will not as heretofore add to our canal revenue.—What then must be done to meet the annual interest, if we should commence, some four years hence, the gradual contracting of this debt of \$14,000,000, which might be necessary to complete our works?

Supposing the expenditure of this further amount to be distributed over a period of not more than four years more, it would finally present the result, that some seven years hence, say in the year 1847, if no increase whatever shall take place in that interval in our canal receipts, and a State tax should then become necessary, it would be required to raise five per cent. on \$14,000,000, besides the amount provided from our canal income, or about \$700,000 a year. This is one mill on the dollar on the present valuation of real and personal property, a sum less in amount than the cost of the present road tax; or in other words requiring an addition of from one-sixth to one fifth upon the present county and town charges. I throw out of this estimate the fact that the sum to be finally borrowed, might be lessened nearly a million by the surplus of tolls above interest for some years; leaving that to meet other contingencies. I also omit the consideration that such additional tax would be imposed, not on our present valuation of private property, but on the assessment, as it may be eight years hence, with the population and the productive wealth of the State largely increased by these very works. Thus this terrific taxation, when nearly examined, shrinks to little more than that formerly borne by the State without inconvenience, and which after its repeal was repeatedly recommended to be re-enacted by comptrollers Wright and Flagg, for purposes far less important.

I have made this statement of the amount of possible taxation that we may all know and understand the very worst: that the fears of the timid capitalist and the cautious tax payer may no longer be excited by phantoms of debt, and that every citizen who has the honor and credit of the State at heart, may be furnished with a brief but conclusive answer to those who talk of ruinous taxation, or of public bankruptcy.

But I must not be misunderstood or misrepresented, as recommending or supporting measures that lead to any State taxation whatever. My own plan of policy is precisely the reverse. I maintain, now, as I did last year, that we ought not to resort to additional taxation, and that with ordinary prudence, there is not now, nor will there be hereafter, the slightest necessity for it.

I last year presented in a report, my estimate of the future revenues of the State. That estimate gave only \$360,000 of present excess to sustain the interest of additional loans for finishing the works. This was founded on the receipts of the preceding year, and upon an over estimate of the cost of repairs and superintendence. I then said that if we confined our calculations of future revenue, solely to the growth of our own State, there would not be just ground to expect such an increase of revenue within a few years as would defray the interest of debt large enough to complete our plans of improvement, without taxation. The certain increase of the State itself would do something—probably a good deal, to that end, but far from enough. But I then looked with confidence to the rapid and continued increase of the trade from other States crowding to the Atlantic, through the great thoroughfare which our enterprise provides for them. I looked with confidence to the long and accelerated augmentation of people and of commerce in the Western States and Territories. I then showed that already one-third of our gross amount of tolls was drawn from that western trade, and that our past statistical experience proved that a steady average annual increase of from twenty-five to thirty per cent. had taken place for the last five years upon this portion of our canal transportation. I thence inferred that when we consider the rapid influx of emigration into Michigan and Wisconsin, the increasing population and productions of Ohio, Indiana and Illinois, the connexion of the Ohio and Indiana canals with our works, thus opening to the Atlantic trade an immense region as fertile as our richest counties, and when to this are added the greatly diminished expense and augmented facility and speed of transportation on the enlarged canal, it would be in contradiction to all evidence, to doubt of a long continuance of a proportional increase of commerce from the great lakes to tide water. Since then, a year of unprecedented depression has just past.

I need not describe what we all too well know. Stagnant commerce, deranged currency, the usual pecuniary facilities of trade and manufactures crippled, emigration checked,—the capitalists panic-struck—our men of enterprise baffled, disappointed and disheartened. I had last year stated that, confident as I was of the operation of general laws in producing the results pointed out by former experience, still such calculations might well fall short from special causes, in the present or any other particular year. Such a falling short of general calculations might well have been expected in 1839. What is the actual result? The tolls of that year of depressed and embarrassed commerce, exceeded those of the previous more

prosperous year, 1838, nearly \$30,000, and those of 1837 by \$320,000. They were even above the receipts of 1836, the year of most crowded trade, the most active emigration, the busiest movement, the most excited speculation, our country has ever known. They exceeded by 140,000 the average of the five years preceding 1839, which have elapsed since the reduction of tolls to their present rate, all of them years of active business, and excepting some short intervals, partaking of the character of 1836. Such is the power of the resistless laws of population and business, that the calculations founded upon them were realized in spite of the most serious and alarming disturbing causes, which would have certainly disappointed any expectations resting upon narrower grounds. The growth of the West—the spread of population—the reclaiming of the wilderness, have done all this, and will continue to produce similar results in despite of the folly of men, whether in high places or in private life.

The property from other States and territories passing into the Erie canal which had grown from 22,124 tons in 1836, to 68,187 in 1838, increased in 1839 to 93,168 tons.

The amount of wheat and flour, those great articles of Western produce, which had risen from 15,935 tons in 1835 to 59,979, in 1838, rose to 61,000 in 1839—a fact the more remarkable from the lateness of the harvest and other causes (pecuniary ones, which I need not explain to men of business,) keeping a larger proportion than usual of the crop on hand till the present year. On that proportion of the wheat and flour arriving at tide water which was contributed from beyond our own borders, the increase was about fifteen per cent.

Now the late State officers and their political friends estimated the gross canal income of the year 1839, at \$1,500,000. A year arrives, more unpropitious to trade than could have been anticipated, the channels of commerce and enterprise more choked up, wider breaches made in the capital and credit of those who effect the movements of business along our lines of internal transportation—the very seasons unpropitious in their lateness, and yet that estimate is exceeded by more than eleven per cent. Then look ahead to a natural, healthy, unchecked trade in our own State. Then consider that the Wabash canal is just opening, and will pour nearly all Indiana in our channels of business. Add too those works, some suspended for the time, others going on in spite of temporary difficulties which are but extensions of our own lines. Reflect on the certain, the regular, the rapid, the resistless advance of population and cultivation to the west of us, and how can we doubt, upon the ordinary principles of human foresight and prudence, the sure progressive augmentation of the income of our canals. Their revenues must inevitably reach in six or seven years, when they shall all be completed and in operation, a clear surplus amount of above two millions, leaving an excess for a sinking fund after defraying the interest of the whole debt created for the construction and enlargement.

It is easy to speak of such a prospective increase as visionary. It is easy to sneer at such estimates and calculations. But the plain question is whether or no they are founded on the observed laws of nature and facts of our own experience—whether they are deduced or not by sound reason, from acknowledged facts. Whenever you go into particulars, you find the best local authority supporting the same general conclusions. Take the lead region for example. The Governor of Wisconsin, in a late message, tells us “upwards of ten millions of pounds are sent annually from the mines of Wisconsin. It now goes by the way of New Orleans to New York, but from the improvements now going on, in ten years it will pass through the lakes and down the Erie canal.”

Need I repeat what has often been ably stated, that the vast region which from position and physical character, must contribute to the business of our lines of internal transportation, contains three hundred thousand square miles, fertile, rich in natural treasures, and capable of supporting an immense population supplying our coast with the abundant products of their farms and labor, and demanding in return the comforts and luxuries of foreign commerce and domestic arts? The population has more than doubled since 1830; and the present rate of increase is greater than the average rate of these ten years. Some portion of that region will indeed command a double market, but that is compensated by the fact that our own partial and rival business also stretches beyond this boundary. Thus, goods are now occasionally sent to Kentucky, Tennessee, Missouri, by our canals because safety and expedition make up on some articles for the difference of cost of transportation between that and a southern route. Now, diminish that expense and augment that power of expenditure,—as you do by the enlargement—and you add still further to that trade.

Again, look at home to a more limited but still very important region. We have but just touched the coal regions of Pennsylvania by the Blossburg route; we have but a step more to push our works to the borders of Pennsylvania and you gain another great article of consumption and transportation in return for our salt, which again enriches the state revenue in another way. The transportation of this coal, whilst it will give new economy and facility to our manufactures, and comfort to our villages, may be indefinitely extended, thus increasing the income of our lateral canals, as well as that of the central channel.

There are besides, other local reasons, which may be pointed out as likely to increase our canal trade from our State resources, but they are in my view, all secondary to the greater and most certain business of the west. Thence is to flow in that swelling and still more swelling tide, which will fill to the brim all the channels you can open for its reception.

Let not the sceptical politician sneer at this as a wild dream—as poetic fancy—as idle declamation.—It is truth—it is reason—it is experience—

it is the conclusion of the most cautious philosophy of political economy. It is the testimony of the past history of our state and nation to the future: for all history, (as has been well and wisely said) is “philosophy teaching by example.” Our position relatively to the States and regions I have mentioned, recalls vividly to my mind a beautiful allusion of Edmund Burke, familiar alike to the man of taste, and to the political student. It is that in which speaking of the aid derived by Great-Britain from her American colonies, the philosophical statesman expresses, as is his wont, a profound general truth involved in one of the most remarkable examples of it, and he embodies both in the beautiful imagery of a learned and yet creative fancy. He describes the sustenance with which the young and fresh enterprise of America had repaid her mother country, as reviving that story of ancient piety, which relates how the heroic daughter sustained the life of her imprisoned and famished father, from her own breast. The same classic allusion applies now, as it will for many an age and in many an instance; for it is drawn from no temporary source; it is founded on the truth of nature; it is a conclusion of the truest philosophy. It is even thus, with ourselves. Even now we behold the teeming and luxuriant West, full of life and hope, presenting the “full breast of her youthful exuberance”—not indeed to revive the exhausted decaying age,—but to prolong and to redouble the energies, to pour fresh health and renewed youth into the veins of her still vigorous and unbroken parent.

I repeat then my unshaken confidence, resting upon the experience of the past, that our commonwealth may continue and complete her great works of internal improvement, first using her credit to the full amount of which her surplus income will now pay the interest and then proceeding onward, even, if necessary, to the so much vilified “forty million debt”—and all this without State taxation and with the certainty of extinguishing that debt just as we did before the debt incurred in the original construction of our Erie and Champlain canals.

But do I therefore—do we, the advocates of internal improvement, therefore counsel the Legislature to proceed in loans and expenditures without caution or care, in blind reliance upon those estimates and predictions, which however reasonable, may possibly prove fallacious hereafter? Heaven forbid—for that would show a presumption in us, arguing at once a carelessness of the great and dear interests committed to us, and a self-confidence in our reasonings, which no human judgment is entitled to claim. No, I still adhere to the rule which I have uniformly advocated, as the sound, and in fact the only right rule of our financial policy, that our surplus revenue alone, after paying the annual expenses of the State and the canals, and the interest on our former loans, should be the measure of all new debts—that we should never contract any new obligation, the interest of which should not be clearly within our surplus annual income. I now repeat here what I urged last year.

"That the faithful legislator should bear in mind that unforeseen circumstances, whilst they may accelerate, may also delay the increase of travel and transportation on our public works. Our financial policy then if wisely provident, ought to guard against any embarrassment that might be caused by too confident a reliance upon increased revenue arising from causes too deeply rooted in nature to be prevented from working out their destined ends, but which may still be for a time retarded in their operation. To avoid the necessity of resorting to taxation, however light, the sound rule of our financial policy must be to adjust the loans of each year so that the annual interest of the whole debt may always fall within the clear income of the State; taking the average income of the last two or three years. Such a rule, rigidly applied, would furnish a self-adjusting check upon expenditures either too great in themselves, or too hasty; and yet would admit accelerated speed in the works, and increased appropriations whenever they are demanded by the wants of trade, of which wants, the first and best evidence would be the very income furnishing the means of relieving them."—Verplanck's Report on Finances of New York, 1839.

Here then is a safe limit, such as a very prudent man might impose on himself in any well considered and cautiously undertaken enterprise. It is a rule which hundreds of farmers and mechanics have worked by, and have found it result in competence and independence. By it, lands have been purchased and farms cleared and cultivated, and plenty spread abroad throughout this State. Nay, let me add, that it is a rule which has received the approbation of the cautious capitalists of Europe; for it is among the most cheering and satisfactory recollections of my own public life, that the republication in England of the report from which I have just read, and the prominent statement of that cardinal rule of our financial policy contained in it, contributed efficiently to keep up the credit and character of my native State, when assailed by open enemies abroad, and secret foes at home. The Senate must pardon me for a few words more of remark upon that report, since I trust they are prompted by higher motives than those of personal vanity.

It is in the recollection of all who hear me, that the report was last year made the subject of much political comment. It was especially so in an address published as the manifesto of the political friends of Mr. Van Buren, in the city of New York—just before the late election—an address which, whatever was its influence on political opinions here, was not without very injurious effect upon confidence in our State stocks abroad, when republished in London, in an hour of panic and depression. That effect, the city of New York was the first to feel in the depreciation of her water loan, and the embarrassment of her general credit.

But I speak now of that manifesto, chiefly to point out its main fallacy—a fallacy that owed all its success and influence on the public mind, to its unscrupulous boldness. I had endeavored to elucidate the operation of that plan of finance I then

presented, and which, I trust, is the settled policy of the State, by an estimate of the probable progressive increase of our revenue, and of the corresponding amount of annual loans which might be borrowed and expended for our canals and railroads until the system was completed. These political critics, more ingenious than fair, more anxious for the immediate success of their party than for the credit or the treasury of their State or their own city, first argued that my estimates of augmented revenue, were much too large. That might be true or not. I had presented them as probable, not as certain. Then they took my estimate of future loans, and placing it by the side of their own estimate of revenue showed conclusively that the State would be insolvent in a few years, unless the treasury was replenished by an enormous tax. The same sort of misrepresentation was repeated in another quarter just before the late election and certainly not without injurious effect upon the public confidence in our funds, though, as the result showed, with but little impression on the minds of the electors. Now to all this, it is a conclusive answer to say at once, that no scheme of this sort, or any project incurring any such risk, was ever recommended or approved by me or by any with whom I have acted on this subject. If the state revenue should go on at the slow rate of progress estimated by Mr. Paige or Mr. Flagg, then according to our rule the debt would be so much less, and the works go on to their ultimate completion so much the more tardily. Thus our income, though less than we had hoped and believed, would still exceed our expenses and interest. I trust that enough has now been said on this head. I will only add that it is a little remarkable that the assailants of this scheme of financial policy have overlooked the only serious difficulty to which it could ever be subject. I mean the possibility of a period of stagnant or retarded revenue, such as to compel the cessation of the works of the greatest magnitude, and thus leave them useless and unproductive.

It appeared to me to be an object of the greatest importance to avoid this hazard, and I trust to be able to show presently that it can be so avoided.

Let us see then how we stand. The State has, as I have shown, about half a million of surplus revenue above interest and the necessary expenditures for the support of Government. We have an ample fund provided, to pay off the remainder of our original canal loan when due,—we have large funds invested for the support of education. What then are our undertakings and consequent responsibilities?

We have first, and chiefly, the Erie canal enlargement. The reviewed estimates, made after some portion was executed, and a good deal more under actual contract, make the estimated cost of this great work, about twenty-three millions and a half of dollars.

As this estimate was founded on the high prices of labor and materials in 1838 the present and probable future lower rate of prices, will afford a good indemnity for any under estimate in other respects. Of this amount, four and a half millions were ex-

pended at the beginning of the present year, thus requiring nineteen millions more to finish the work. This work was undoubtedly begun by the former canal board, without sufficient estimates, and in some respects on a more expensive scale than the Legislature would have approved and authorized. The chief error in my opinion, however, was the entering precipitately into contracts during a period of unusually high prices, thus preventing an economy which might now be made, and not leaving the rate of progress sufficiently within the control of the Legislature. Of this we are now to make the best, and the evil after all is neither alarming nor very serious. It consists mainly in the loss of the saving upon about six millions of existing contracts, which might have been made in less haste at lower rates. But the advantages of an enlargement are great, for transportation, trade and revenue. Some may still doubt whether this enlargement to the present scale of seventy feet by seven in depth, was not too much; and whether sixty feet by six would not have answered the ends of commerce—whilst thus an expenditure of four or five millions might have been saved. But whatever might have been the most judicious scale, it is now too late to discuss, whether the additional advantages compensate for the added cost. Of the value of the enlargement, no reasonable doubt can be entertained. It is a matter of common knowledge, that the power required to move a boat is much less in water deep and broad in proportion to her size, than in a narrow and shallow stream. Then the experience of the present canal has proved the economy of transportation in large boats. For instance, a friend engaged in that business informs me that the difference of expense in hands, horses, &c. of a boat conveying 580 barrels of flour, and one laden with 250, was but ten dollars from Buffalo to Albany. In other words the extra 330 barrels cost but three cents a piece in transportation. The effect of the enlargement is to apply and carry out these principles on a proportionate scale throughout.

When the question as to the size of the enlargement was pending in 1835 and 1836, a careful examination of the relative advantages of different sizes was made under the direction of the Canal Commissioners, to ascertain the proportion and size of the boats, and breadth and depth of canal most favorable to economy of transportation, and the power of traction. This enquiry does not depend for its solution upon mere opinion or guess, or transient observation. The numerous and accurate experiments and calculations of *Du Buat*, in France, and other practical scientific enquirers in England and Sweden, upon the power of traction and resistance in different breadths and depths of water, have given a near approximation to precision in these results. The practical application of those laws to the Erie Canal may be found in the special report of the Canal Commissioners to the Assembly in 1836, and still more satisfactorily in a report of Mr. Jarvis, then our Engineer, appended to the report of the Assembly Canal Committee in 1835. Those estimates and calculations showed that

one of the advantages of a canal of 70 feet by 7, would be a saving of about one half, over the present size, in the cost of transportation.—There was some variance in the estimate of difference between a 70 by 7 and a 60 by 6 feet canal. But it was considerable on any view of the matter. The lowest calculation gave an advantage of 10 per cent. economy of the former over the latter in transportation, besides other great advantages in the capacity for trade and revenue. That of Mr. Jarvis, which is the one then sanctioned and adopted by the Canal Board, gave an advantage of sixteen per cent. This was adopted and recommended by the Board, because it was founded upon the size of the boats best fitted for the most favorable traction; whilst the ten per cent. calculation, the Board say, "was based on boats which exceed the most favorable traction eight per cent." According to these views a 70 feet by 7 canal affords the maximum of economy of transportation in an inland navigation, for such purposes as we apply it to—that breadth having for boats of the size most convenient, all the advantages of unlimited width, as to the ease of traction.

It was, therefore, adopted by the Canal Board of 1836, because they thought (to use their words,) "the prospective business, and every consideration connected with this subject, unequivocally indicated, that the enlargement of the canal and locks should be such as would furnish the greatest facilities to business, and the cheapest rate of transportation."

The present aggregate cost of transportation, as I had occasion to show on good *data* in a former debate, is about two millions of dollars annually.—Thus there is a saving of an annual million on the present trade. The increase of business and travel will, hereafter, proportionably increase that economy which in return must attract more trade and travel. It is not extravagant to look to that annual saving amounting in a few years, to two millions, being that amount annually gained to our people, either in the diminished cost of consumption, or in the increase of profit, or in the improved facilities of our distant trade, as the case may be, in relation to different articles.

Nor is this all; there are other advantages, which I will not enlarge upon, since they are stated in detail by the Canal Commissioners in their report of 1840. The delays and hindrances of the canal, already inadequate to its active business, with frequent and great loss of time, will be obviated.—Those interruptions, so liable to affect injuriously, our distant trade, which competition may draw off, will be shorter, as well as far less frequent. The deeper and larger body of water prevents early obstruction by snow and ice towards the close of the season, and insures an earlier opening of the spring navigation. The value of an open navigation even of ten or twelve days, it may be more, in addition at each end of the ordinary season, cannot easily be calculated. I can add nothing to the clearness and strength with which these points have been stated by Mr. Commissioner Bouck, and his late colleagues, in their report of January 1840.

Such are the value and importance of this enlargement. For myself, let me now say, (to prevent misrepresentation,) that I am wholly unconnected with any immediate interest in the canals of the State—that there is no private or personal interest of my own or of those who might influence me, which is not common to the great body of the freeholders of the counties on or near the Hudson. I regard these canals as the sources of revenue to our treasury, and as the far more precious source of immeasurable benefits to our commerce and agriculture, to the comforts, independence and prosperity of our whole people. I regard the Erie Canal, moreover, as essential to all our other projected works, because it supplies the means, revenue and credit which can spread improvement and plenty far and wide throughout our land.

Our lateral canals now in progress, the Genesee and Black River canals, important to the districts through which they pass, and destined to become at some future period also the channels of a more extended trade, must, until their completion, and in part for some time after, depend upon the Erie tolls for more or less aid. The Oswego canal, now, I believe, fully repays its charges and interest, though it does not so appear in our canal reports, because it is not credited with the amount it contributes to the Erie canal tolls to tide water. This important part of our inland communications with the lakes and the North and West, must be enlarged and improved; and its repairs, new locks, &c., should now all be made with reference to the scale of future construction. Our other lateral canals must be extended to connect with the works of Pennsylvania.

We have already done this winter, for the New York and Erie Railroad, not what was in itself the most effectual for the speedy completion of the work, but what we judged to be, under present circumstances, the most advantageous for the State and work, by putting our advances of credit to the company upon the most favorable footing. The value and credit of this loan must, until the work is in full operation, depend wholly upon the credit of the State and its resources. So, too, the various advances we have made or may make to other Railroad companies. All of these afford a considerable security and income for our advances; most of them a security for debt and interest very far beyond the State's responsibilities. But still the character and high rate of that responsibility in the money market of the commercial world are of the greatest value and importance to those who are to be thus aided. There is no one of these applications to which I have myself looked with more interest than the New York and Albany Railroad, connecting our political with our commercial capital during the three winter months, and continuing the long line of western railroads from Buffalo to the Atlantic. Independently of commercial and political advantages, I think a constant rapid communication between the sea board and the interior, a more efficacious measure for keeping the exchanges of our bank paper at a level, than any legislative

action we can contrive. The Northern Railroad is also to form a valuable portion of our system. All these and many similar works of less magnitude, are full of utility and will scatter blessings and abundance over many a district, where the richest gifts of nature now run to waste. All these can, I confidently believe, be executed, either by the State directly or by its aid, some at an early period, some within a few years. But all depends mainly upon the judicious management of our credit and revenue and our expenditures, in relation to our most important and costly work, and our chief source of income, the Erie Canal. It happens that we have fallen upon times of panic and depression. Credit may be so far affected, that without any serious doubt of the ultimate responsibility of the state, higher rates must be sometimes paid for loans. A continuance of ill-judged national policy or of prolonged commercial embarrassment or stagnation, may delay and postpone that future increase of canal income, which all calculation from the past experience or the general laws of nature assures us must ultimately come. What then should be our policy?

The answer is clear. We should keep our whole annual responsibility within our certain annual income, so that if trade remains stationary for two or three years in spite of the augmentation of population, we would still remain disengaged.

The chief bill which I have had the honor to introduce on behalf of the committee of finance, to provide for the carrying on of the public works now in progress, is prepared in conformity with these views. It makes the necessary appropriations to carry on the Genesee Valley and Black River canals, so as to meet the existing contracts, and to make the large expenditure already laid out on those two lateral works available and productive. It then proposes, in addition to the half million already appropriated to this year's service, for the enlargement of the Erie canal, and to the excess of the canal tolls already appropriated by law, a further sum of two millions to be raised by loan.—These sums are needed according to the estimates before us; 1st to defray the necessary expenses of opening the navigation after the winter's work of enlargement, and to make the extra repairs for securing its continuance. 2d to complete such unfinished locks, embankments, or other works, as if left imperfect, would endanger either the general safety of the canal or the preservation of the work already done. 3d the building of new locks, feeders, &c. on the enlarged and improved scale and plan in place of old and decayed structures, (such for instance as the Oneida creek aqueduct,) becoming unfit for use, which would otherwise require very expensive repairs, if not re-constructed.

We moreover propose to limit the application of these funds to the portions of the work now under contract, and to forbid any new contracts ahead to be made during this year.

Let me now ask, whether this is not obviously the most wise and prudent course under the present state of affairs? Shall we refuse any appropriation under the influence of panic or false economy? What is the consequence? A great positive injury to the half finished locks, aqueducts and other structures which have already cost above four millions, and besides a breaking up of

six and a half millions more of contracted work on which the State must pay damages. Between the damages thus incurred, and to be paid in money, and the damages of time and the elements upon the half-finished works, it would be well indeed if we could escape without a loss of twenty, or even forty per cent. upon the eleven millions paid or contracted to be paid—an actual loss greater than the whole proposed appropriation. Beside this we throw away the advantages of a great and useful work for years—perhaps for ever: and we cast deep and needless discredit upon our State, shaking all future confidence in our credit and undertakings. On the other hand—we proceed on the proposed plan—we finish gradually the structures now under contract, with some others necessary for their connection and use. What then is the result?

If prosperous years and crowded business succeed, then we shall have lost but little time. But suppose the reverse. Anticipate the worst. Imagine a succession of two, three, four, five years of gloom and stagnation, like those years of Egyptian dearth, "when plenty was forgotten and famine consumed the land." Let us suppose that an unwise policy at home, or wide spread commercial calamity abroad should check the natural growth of our trade, population and capital, so that for that period they become like the visionary ears of corn, that typified that dearth, "withered, thin, and blasted with the east wind."

What then follows from going on with our chief work on the plan now proposed? Would our credit be blasted and decayed? Would the money now spent be useless and our canals remain deserted and ruined, the monuments of miscalculating folly? By no means. Adhere to the simple principle of keeping the interest of debt and our annual expenses within the State revenue, and apply our funds on the plan now recommended, and you proceed safely. You apply your funds wisely and productively. You can safely afford an expenditure of eight or nine millions on our present revenue, which may, if necessary, be spread over those three, four, or five predicted (falsely predicted I trust) unpropitious years. This sum will pay off the present contracts which may be spread through 1840, 1841, 1842, 1843, and part into 1844, though they may all be executed much more speedily. These finished, with the addition of some other works necessary to be constructed, to enable us to use the rest, we shall have at the cost of about thirteen millions in all, (being between seven and eight millions of moneys borrowed in addition to the former enlargement loan, and the surplus from the tolls) this result. The main canal completely enlarged in the most substantial and durable manner from the tide water to Syracuse (170 miles,) the noble aqueduct at Rochester finished and in use, which is necessary even for the present canal—the double flight of locks at Lockport rebuilt—the rocky sections through the Mountain Ridge, widened—most of the aqueducts rebuilt, and more than half the locks between Utica and Rochester. The State will then possess

a broad, deep, permanent, substantially built canal, having the greatest advantages of economical and speedy transportation for 170 miles, where, as it has received the chief lateral canals, it is always the most crowded. We shall have a canal capable of being open earlier, and closing much later, at the coldest end of the line. The old canal will remain in operation beyond, onward to Buffalo, but its decaying and contracted structures will be supplied by aqueducts and locks corresponding to the enlarged plan. Then, whenever the glorious summer of our country's prosperity returns, when the crowded, populous West demands new and wider avenues for her commerce, everything otherwise requiring time and preparation will be done at our hands. Little will remain to finish and open the whole enlarged work but trench work and bridges, and similar labors, which can be applied with immense rapidity according to the demands of trade and the revenues it will supply.

I will read a brief abstract of the works and estimates which I have mentioned. The details are to be found in the report of the Canal Commissioners, for this year.

The Canal Commissioners' Report, p. 70, states, that work is *finished* to the amount of \$487,096 Work is done *on account* of existing contracts, 4,192,565

To be done to complete those contracts, 6,500,991

\$11,170,652

Of this amount there is *west* of Utica, \$3,266,650
And *east* of Utica, 7,904,002

The work *west* of Utica consists of,

1. The widening thro' Rome.
2. The widening thro' Syracuse.
3. The widening and cutting down Jordan level 12 miles.
4. Rebuilding more than half the locks between Utica and Rochester, and most of the aqueducts—(Oneida Creek, Nine Mile Creek, Onondaga Creek, &c. &c.)

P. 62—5. Re-building the Rochester aqueduct, (a very noble work,) \$422,000

P. 63—6. Rebuilding the double flight of locks at Lockport, 558,000

P. 65—7. Widening through the mountain ridge 672,000

I. I.—To complete the enlargement from

Albany to Utica—
there will be re-
quired in addition,

C. C. Re- } To make avail-
port, p. 55, } able the pre-
sent work,

Residue of the sections,	738,840
	1,113,497
	<hr/>
	1,852,337
	<hr/>

	1,852,337
	<hr/>
	13,022,989

To widen the canal through the city of
Rochester,

	107,114
	<hr/>
	\$13,130,103

In addition to the enlargement, we have also to construct the Genesee Valley and Black River Canals. Those will require four millions of dollars in addition to the moneys already expended or provided. The reduced rates of materials and labor since the estimates on which this calculation is founded, may, it seems to me, furnish a compensation for any additional expense arising from casualties, or unforeseen causes.

These four millions, with the loans just estimated for the enlargement, would make less than twelve millions of dollars—the interest of which would require an income of one hundred thousand dollars beyond the present clear revenue of the State—or of \$200,000, if the annual estimation of 100,000 dollars for rebuilding and improving be continued as a charge upon the revenue, and not as part of the expenditure of new works; nor be met by increased salt or auction incomes. This may be met as circumstances shall show to be most expedient. The finishing of some portion of those works may be delayed by a slower progress if absolutely necessary. But it is also to be remembered that those unfinished works now bring in no income at all; that, if, when finished, they are able either by their own tolls, or their contributions to the great canal, with which they communicate, to pay the interest on half or even one-quarter of their cost, they leave the revenue of the State adequate to every claim, until it receives the increased travel and transportation of those additional numbers which a very few years will surely add to the population using those canals, whatever embarrassment may harass and distract the ordinary operations of trade.

The Legislature of 1841 and 1842 will therefore be able to judge better than we can, whether it will be best to incur the debt necessary to finish those great lateral works in 1843, or whether either or both should proceed at a slow rate.

Our loans of credit to incorporated companies are and will be secured upon a much larger expenditure, on the constructions themselves. Most of them are already productive of income above the interest of the State's liability, and none of them can produce any very serious loss, under the worst aspect of things. I desire to have it borne in mind that the whole of the estimates I am now making are founded, not upon my own expectations or calculations of our financial condition of things during

the next five years, but upon those of "the prophets of evil,"—of the melancholy propheciers of calamity and ruin.

Thus the State may, without hazard, proceed in her grand undertakings; never losing sight of the enlarged plan as a whole, and yet making no expenditure which shall not be immediately and independently useful and productive.

Such will be the result of a prudent but firm perseverance. The contrary policy, the panic-struck abandonment of our works, brings nothing but disgrace and loss. If I may be allowed to follow the fashion of this debate, and repeat myself, I will say again as I said last year, in the words of the wise man, "There is, that scattereth, and yet increaseth; and there is that withholdeth more than is meet, but it tendeth to poverty." There is in all undertakings an economical boldness of expenditure which seldom fails to make rich. There is also a spendthrift parsimony, a wasteful, prodigal, penny-wise saving which surely "tendeth to poverty." I desire to see none of it in the administration of our State finances.

These are indeed times of commercial and financial doubt and difficulty. There are many who from very different motives and reasons, join in spreading suspicions and alarms as to our State concerns, which some, I know, feel and others again do but feign.

Amongst the former class I would specially point out the timid and cautious men of property, easily alarmed at the talk of debt and taxation; and the wealthy capitalists, here or in Europe, looking at the credit and means of this State, simply as influencing the value of our stocks, or the safety of their investments. To all such I would recommend a careful investigation of our true financial condition, and to consider whether there ever was a time, even when our State stocks stood at the highest premium, when the real wealth and resources of the State were as great as at present. At no period from 1776 to 1830 have we had a revenue, unaided by State taxation so much exceeding the regular annual demands upon our Treasury. At no period have we had a property so far exceeding our debts. I mean the property in our salt rents, our deposite fund, and the canals themselves—the property of the State itself, wholly independent of the wealth of our private citizens—which is larger than it ever was when our stock stood at a high premium all over Europe.

The rate of our State loans is not even now (March 30, 1840) higher than it was when our canals were begun twenty years ago. But that rate must fluctuate according to the rates of demands, profit and interest, and the amount of funds seeking investment. If we are but true to ourselves there is no need of any fluctuation or depreciation for any other causes. Let but New York keep up her good faith and her stock will never fluctuate from want of public confidence.

I feel and deplore the temporary evils inflicted on commerce, and skill and labor, by a deranged currency and paralyzed trade. But in all this there is nothing to excite the slightest alarm as to our per-

manent financial condition. These evils, oppressive as they are to individuals, are but on the surface; they reach not the great sources of our wealth and power. They cannot prevent our enterprise and agriculture from subduing the wilderness, and calling every year into existence, some new and vast region of fertility and plenty. They cannot check—they can hardly retard that vast tide of population ever rolling its regularly enlarging waves, from the Hudson, upwards, onward towards the Pacific. They cannot rob us of nature's rich gifts. They cannot frustrate the high and sure destinies which the God of nature has marked out for this people. There are those to whom all these views may seem empty declamation. I will not therefore expatiate on them, though to my mind, so far from being empty and boasting words or wild exaggerations of hope, they are the certain results of the best ascertained laws of political and economical science, applied to our own experience and condition. Let me return then to the humbler duty that I had assigned myself, of stating and reasoning upon facts, figures, numbers and official statements. My old acquaintance, Col Burr, used to say that "no man ever grew wiser by experience." He was eminently sagacious in the weaker as well as in the worst parts of human nature, so that, paradoxical as his rule seems, I fear there is some truth in it. At least the arguments and discussions, and even the conduct of men in relation to the matter now under debate, seems to confirm it. Let us, however, appeal to experience. It is a safe guide to those who will follow its leading.

The public has heard much of a calculation of two hundred millions of dollars of State or corporate indebtedness of this country to Europe, prepared by some ingenious statistical inquirer, without any purpose of publicity, as is said, which nevertheless was widely printed and circulated in Europe. Its accuracy has been questioned, and indeed it strikes me as an over estimate in several particulars, especially as it underrates the amount of State debt held by our own citizens. That is of small consequence. With ordinary discretion and ordinary firmness there is nothing even in this amount to overthrow, or after a short time, very much to retard the prosperity of the Union. Still less can our share of it affect the permanent welfare of our own State.—Such a debt is no new matter. The people of the United States entered upon our present Federal constitution with less than four millions of people, one fourth of our present number, and not much more than the actual population of New York alone.—They were without public or private capital; with no commercial wealth, very little invested in agriculture beyond the first clearing of the lands; none at all in manufactures. They were without ships, or roads, or canals, or public institutions, or public buildings or public works. They owed a national debt of seventy-five millions of dollars, and nearly the whole of it abroad. Our private debts to Europe were also very large. In proportion to our means they were very much greater than at present. The whole was paid punctually, principal and interest, long ago by the natural resources of the

country, and the amount thus paid was but a trifle compared with the wealth accumulated and invested at home. Again came War. It found us unprepared. Our own means were soon exhausted, and we fought the battles of 1813 and 1814 by sea and by land wholly by credit. The stock subscribed at home was soon sent to Europe. After the Peace, 1816 found us with about eight millions of people, and those not rich.

We had a debt, part funded and part in treasury notes, of one hundred and twenty-three millions, and a floating debt of claims, war arrears, &c., besides, making an aggregate amount of near one hundred and fifty millions. Two-thirds of the funded debt found its way to England and Holland, and this, with the private debt was in proportion to our number and means a much heavier amount of indebtedness than that we are now estimated to owe, taking its most exaggerated calculation. The State of New York had then about one-seventh of the population, and hardly a proportionate share of the wealth. Her proportion of the whole debt was then above twenty millions; or of that part owned abroad, fourteen millions or more. With this responsibility upon her, this State undertook our Erie and Champlain Canals. The former debt had been spent in war. Necessarily, you will say, and honorably. Yes; but not *productively*. It was spent. It was gone. It was not like the most injudicious investment ever made in a railroad, or a canal, or a harbor improvement, which still leaves something valuable and useful added to the productive capital of the nation.—Yet, that debt was paid in fifteen years. New York paid her full 20 millions of it, besides her share of the new debt for the purchase of Florida. She did more; she expended ten millions on her canals, the greatest part from loans sent to Europe for sale, and she has paid the whole of those loans for all this, without suffering, without injury. Aye more—it was done with an amazing increase of wealth, and with the doubling of her population. The State of New York, poor and feeble to what she now is, with less than half her present population, when she began repayment, paid off, without an apparent effort, between 1820 and 1838, THIRTY MILLIONS of Public Debt. How different too, the condition of the people then and now! We were then in the situation of an active and able merchant striving to pay off a load of debts incurred by the total losses of former business. Now we stand in the situation of the substantial farmer or manufacturer, contracting debts for valuable lands or useful buildings, giving him large returns, though he still owes for them.

I repeat, that though myself happily exempted personally from the wide-spreading calamities that reach so many, I do not underrate them. I fully sympathize with them. But it is for legislators to look to the ultimate results with the larger views of men whose duties are not limited to the brief concerns of our own little hour, but extend to the longer life of a State or nation. In that regard I can have no doubt or fear for the final result. It is not for the Legislature of New York to fold

their hands in despair like desponding bankrupts.—We are not to suffer disgrace, loss and prolonged embarrassment to overwhelm three millions of people by giving way to a temporary panic.

I submit these views to the sober consideration of the prudent and the cautious who examine the subject as one of important pecuniary interest.

There are others who have been inflamed by party zeal to join in a strange crusade against the credit of their country, and especially of that of their own State. I have seen with wonder, with pity, with indignation, how our debts and difficulties were exaggerated through the press. What pains were taken to alarm capitalists abroad and at home. If the temporary difficulties of the money market and the immediate necessities of our contractors, compelled the borrowing a half million at a rate higher than usual, what a burst of joy!—And then when the same stock in private hands was sacrificed in some crisis of the money market, how the note of triumph rose still louder. How often, too, were our State debts and liabilities calculated and paraded before the public, swelled and exaggerated to their utmost possible contingent future amount, with the addition of every fictitious or nominal debt that could be hunted up? We are all of us subject to the delusions of our own wishes and feelings. We are all of us exposed to be carried by the excitement of party contest to extremes for which cooler reflection will make us blush or mourn. But there is a limit to these excesses beyond which no wise man ever *will*, no patriotic man ever *can* transgress.

When the zeal of party hurries men beyond their allegiance to their country, that zeal may succeed in its ends for a time—but it is for a time only.—Such men mistake their object. They are blind to their own paltry interests.

There is deeply planted in human nature an attachment to the land that gave us birth—to the nation to which we belong—to the vast and intertwined interests of society which God has placed under our charge. The humblest citizen feels that all of these are in some sort his own.

This it was that prompted the sailor eloquence of my old friend, Decatur, when in language which cannot stand the criticism of speculative morality, but the spirit of which awakens a quick response in every honest heart, he said, “Our Country—Right or Wrong.” This it was that in the closing scenes of the war of 1812 and 1815, so gloriously merged the former distinctions of party in generous devotion to the defence and honor of their common country. The small distinctions of Federalists and Democrats of that day (important in themselves and at their time, but paltry in comparison with higher and larger claims) were all forgotten amid the nobler duties of patriots and Americans. This spirit, it is, that every where among men who enjoy any portion of political freedom—in Greece as in France—in England as here, in every great emergency has prompted the young and the generous, the honest and the brave, to

—Stand by their country’s honor fast,
And nail her colors to the mast.

Alas for him who in the bitterness of party folly or the madness of ambition, forgets his great duty of defending and supporting his country’s honor and interests. He is a doomed man. When the occasion that prompted him has passed away, he is destined to be looked upon as a sort of paracide. He has lifted his hands against his *mother*. He may prosper for an hour, but he is branded with lasting shame.

Wisdom, or mere worldly prudence, if no higher motive, should speak caution to the politician, high or low—whenever the accidents of public life tempt him that way, they should say to him, if unhappily there be not a far better and wiser monitor within, bringing the same lesson more directly to the heart—

—howsoever thou pursuest this end,
Taint not thy mind; nor let thy soul contrive
Against thy MOTHER aught.

There is yet one other class of men in various stations and of various degrees of knowledge and ability, who have been led by different motives from these, to join in the same indiscriminate assault upon the improvements and the credit of our State.

Foremost among these is to be ranked the distinguished Senator on my left, (Col. Young.) Upon him and those who think like him, I look with a far kinder feeling than upon the persons of whom I have last spoken; for I regard these with the respect due to men who act upon principle, however erroneous, who have been misled by arguments, however false and illogical. They have been led astray partly by the authority of eminent men in vague and purely speculative reasonings, partly by carrying out the doctrine of freedom of action and business, and other principles most sound in themselves, very far beyond their natural and just application, and without regard to those limitations imposed by the very nature of man and the constitution of human society. Hence they have been brought to the wild conclusion of denying the right of society, through its Government, to do for the use of the individuals who compose it, and at their desire and request, what those individuals cannot singly do for their own benefit.

The first and favorite particular application of these general doctrines is the denunciation of the utter folly, absurdity and wickedness of internal improvements by the Government of any country. I use the words of the learned Senator from Saratoga (Col. Young,) who, not content with assimilating or confounding the republican appropriations of a free people upon their roads and canals with the profligate expenditures of luxurious courts, and the waste of ambitious warfare, has even been hurried to the strange extravagance of repeatedly denouncing all public works of internal improvement as bitter inflictions of immorality and misery upon the people, far more severe than war, or fires, or pestilence, or any other, even the worst visitations of evil, upon suffering humanity.

The very statement of such a conclusion—so extravagant—so revolting to common sense—so contrary to daily experience, is enough to refute the reasoning, however specious, upon which such doctrines are founded.

Yet let us look for a moment at the reasons and

principles involved in the question of public internal improvements.

If there is any act of government essentially and strictly republican,—democratic in the true sense of the word,—it is the employment of the common means and credit of all who compose the State, for the good of all. It is this power, this right of eminent domain (to use a term of the civilians) which makes every citizen of the commonwealth truly a sharer in the wealth of all. In the present state of civilization and art, States cannot be defended by the volunteer courage of individuals, therefore the nation, as such, keeps up fleets and armies. It does for the individuals under its protection what they cannot do for themselves.—That is the whole end and object of society and government. So, too, in more domestic matters. The State, the city, the county or the town, taxes persons and property, either in money or in labor, to make roads and streets, and wharves and bridges. We have now in this State, according to a rough estimate of my own, for another purpose, an investment of that kind, made during the last forty years, at a cost of about fifty millions of dollars, which has certainly given ten times that amount to the value of the real estate of our freeholders in town and country, besides increasing incalculably the comforts and enjoyments of the poorest amongst our citizens. Strike out of existence then these roads, streets, wharves, bridges, these local internal improvements made by public authority, and what is labor worth—what share of luxury or of comfort could it procure? All feel and acknowledge the utility and justice of such compulsory payment or labor for local works. Now the construction of vast canals and the aid to great corporate bodies in railroads, is but carrying this principle one step farther. It is giving the public aid for the public benefit to those purposes for which private enterprize and capital are found inadequate.

Are then the moneys spent, or the debts contracted for these works of wise and useful magnificence—these works, public in the strictest sense of the term—because public in their benefits—giving amazing facilities to trade, travel, and industry, lessening the prices of products to the consumer, and yet adding to the profits of the producer—are such expenditures to be denounced as having been lavished just as foolishly and wickedly as the millions squandered by Louis XIV. or any other profuse despot upon bloody wars of ambition and cruelty, or upon ostentatious profligacy—upon his “palaces, his ladies and his pomp?”

The absurdity is so glaring that its distinct statement is its best refutation. It needs no further comment.

Another more ingenious and metaphysical course of reasoning leads to the denial of the use of the public credit for the public benefit, because we have *no right to contract debts for posterity*. The average duration of the same generation of mankind, is calculated to be about eighteen years and three-quarters, (that is said to be the latest estimate,) and at the end of that time a majority of those who contracted have passed away, and then it is pretended that the debt is no longer binding. Thence again it is inferred that no loan ought ever to be contracted by a State, which will not certainly be paid in a very few years. I confess I cannot see why the debt on these principles should be binding even a year hence, to its full extent, for as fresh generation succeeds to generation, every single year brings on the stage a large proportion of men, wholly exempt from the obligation of paying principal or interest and a mere majority has no right to bind those. A portion of the next generation is coming in, while the very ink is drying on the certificate. This is one of the ingenious

speculations with which Mr. Jefferson amused his literary leisure. He was too wise not to know that this was one of those academical twilight speculations which may serve very well for the closet or for friendly correspondence, but will not bear the broad light and rough handling of every day life. Accordingly, he kept the doctrine for the entertainment of philosophical friends, whilst as a statesman he made treaties and signed stipulations binding the United States to an indefinite period, and even as President purchased Louisiana and contracted a national debt of \$15,000,000 to pay for it, without waiting to ask the consent of much injured and aggrieved posterity.

The answer to this very philosophical speculative argument in favor of national or State roguery is very simple in our case. We, of this generation, have the control of all the property, real and personal, of this State. We can sell the land—we can use the personal property for any purpose, and especially for a good one, like the construction of a canal. We can therefore also mortgage or encumber it for a similar purpose. We do not tax the labor of posterity—but we make roads and canals for the improvement of the property we leave behind us, and we leave a debt too on that improved property. Our successors take the improved lands and fixtures, with the incumbrances, as the lawyers say. If they choose to take the property they must pay the debt. If they will not pay that, they have no right to the fruits of other men's capital laid out upon the property pledged by us.

This is the plain matter of fact, every day morality prevailing in the affairs of individuals. Why should it not be that of a nation also? But there are also other considerations springing out of the very nature of human society and the rights and duties of men as social and responsible beings.

Human society is indissolubly knit together in families and nations from year to year, from age to age. The God of Nature has constituted each generation the trustees and representatives of those who come after them. If it were not so, even the obligation of laws could be but for a day or two, unless formally re-enacted. But every nation holds the contrary, that the obligation lasts until repealed, and where there are fundamental constitutional provisions or formal contracts, that even a majority cannot repeal them. The education, the happiness, the virtue, the condition, physical, intellectual, and moral, of other generations are placed in the hands of the existing race. It is a solemn responsibility. We may leave the land to them, waste, pestilential, uncultivated, impassable. We may leave them ignorant and vicious. We may also leave the land healthy, cultivated, intersected with roads and canals, filled with schools, and colleges, and churches, the seats of science, and religion and morals.

It is the mysterious, yet fixed and lasting law, imprinted by the Creator upon man's social nature, that whilst individuals pass away, their state, tribe or nation remains one and the same moral agent. We have in our hands the destinies of the next future race. They will succeed to our responsibilities and duties as a community, as we have succeeded to those imposed upon us by our predecessors. Every day's experience in every civilized

community teaches this ; no matter how plausible or apparently logical any argument to the contrary may appear.

I am not one of those who, because plausible reasoning in political philosophy sometimes leads to absurd opinions, therefore hold all such science to be false and worthless. Neither is my general reliance on that science thereby shaken. The science of Political Economy is indeed "the Master Science of civil life." It has been formed and deduced from the experience of nations and of ages by the profoundest and most practical minds ; by the benevolent wisdom of Adam Smith ; by the analytical acuteness and unrivalled original sagacity of David Ricardo. Yet it is not wonderful, that even the disciples of such a school can wander into strange absurdity. It is the lot of human nature. Thus it was when Mathematical Astronomy had opened to itself sublime and vast, yet of course, most imperfect views of the mighty order of nature, and the wonderful laws of gravitation and motion, not content with grateful reverence, Science went on its vain imaginations to build up a philosophy, (falsely so called,) that substituted with an empty show of demonstration the observed order of nature to the God who had established that order. Philosophers taught that nature begun and was sustained by eternal and immutable laws, self caused and self-sustained : as if it were not a contradiction to speak of laws without a law giver.

Then, indeed, Poetry might well address her graver sister in language of wise reproof—

Ah, star-eyed Science, hast thou wandered there,
To bring us back the lessons of despair?

But it was for a season only that Science could err. The light of eternal truth soon dispelled the clouds raised by man's vanity to darken the glories of his Maker's wisdom. The laws of matter and motion, the deductions of mathematics and the observations of astronomy were soon found to be in harmony with other nobler truths written on the hearts and consciences of men, and bearing witness there to the Creator's being, and power and wisdom.

So it has been here, that the speculative study of political philosophy has led some reasoners to propose the casting away the best uses and purposes of society itself.

All experience contradicts the results of such reasoning. Public credit in its wise and honest use has ever proved the most precious possession of a free people. In seasons of peril and dismay, when other riches took flight, when gold and silver crawled into holes and hiding places at the sound of war ; when even iron, the most faithful servant of man, fell from the half famished soldier's hand, then, when the waters of destruction were poured out, and their floods covered the land, then has it again and again occurred that the frail and light wings of paper-credit, the air-buffed balloons (as some deem them,) of loans and public debt have borne the liberties and happiness of nations into peace and safety.

Under a despotism, wealth surrounds itself with its own solitary selfish luxuries. The poor man is bound down to his native spot and his native poverty. Bring in popular representation and public freedom. In-

stantly public credit grows up by their side. It is the highest duty of the faithful representative of freemen to apply that public credit and the common means to the common benefit. Let no dreamy theory—no ingenious deduction of political metaphysics prevent him from seeking that common benefit for the people in the construction of roads, bridges, aqueducts, canals and all those noble works of peace which lay the whole world open to the humblest man's enterprise, and enable him to partake the power and the enjoyments of the wealthiest—which facilitate the exchange of the redundant abundance of one region with the over stocked labor of another, thus giving added value to both. Thus commerce and enterprise attain their fullest and safest employment—land and capital their highest profits—whilst the laborer and mechanic receive their largest and steadiest rewards. For in my judgment, the surest mark of general happiness and prosperity, and of security of civil rights in any country is the high rate of wages—high in money and high in what money can purchase.

Add to this, universal education, on the same compulsory principle of using the means of all for the good of all ; let knowledge unveil to the poor man's eyes "her scroll rich with the spoils of time," and you will have thus done that which soonest and most effectually equalizes conditions by a true and real equality. You will have done that which will most level artificial distinctions between man and man ; and you do this, not by levelling down the high, but by elevating the whole mass.

Moreover, it is by the sense of these uses and benefits of civil society brought home to all, that patriotism is most and best promoted. Thus it is that in a wisely administered republic, patriotism gradually ceases to be what it is often elsewhere, a blind though honest impulse, or else a wavering, doubting, uncertain, capricious prejudice.—That natural sentiment of love or pride towards our country, which has its birth in the heart, becomes strengthened by the testimony of experience, and ratified and sanctioned by the judgment of the understanding.

The wild growth of man's early affections, when it has drawn new nurture from the experience of daily advantages and wide-spread blessings, strikes its root deep and wide, and stretches forth its broad branches until it shelters and protects a whole nation under its mighty shade.

But enough of these general speculations. They become the study or the lecture-room better than the Senate chamber. The only apology for my share in them here, is, that I have not volunteered to introduce them.

The delusion I have been combatting, must happily be very limited in its influence. It is, too repugnant to natural feeling, and the experience of life, to take any strong or lasting hold upon society. I am glad to see, accordingly, that it is frankly disclaimed, here and elsewhere, by many who otherwise act politically with its teachers and followers ; and many, even of them too, (as I had occasion to remark in relation to the New York city loan,) disavow the doctrine practically, whenever it comes home to their own concerns.—Let us leave these abstractions, then, and return to our immediate duties.

In the present situation of the monied and financial affairs of our country and of the world, prudence and

patriotism alike call upon us to act with firmness on the subject now under consideration. We must not plunge on wildly into new undertakings; but assuredly we must not give way to that panic which spreads so much havoc through society. We must do nothing that will increase or countenance it. We must not even fold our hands in stupid despair. In dangers of this kind, as in personal dangers, the course of calm courage is also that of prudence and safety. This course is, I trust, marked out in the appropriations and line of State policy embodied in the bill now before the Senate.

Nor is it alone to ourselves that the people of New York owe this. We owe it to the nation. In asserting, and maintaining, and applying the means, the wealth, the power, the credit of this State, we sustain, and shall eventually restore that of other States of the Confederation who have pressed too hastily forward in similar undertakings, anticipating too early what they could have accomplished safely and easily a few years hence. As they have suffered far more than we have, by the commercial panic at home and abroad, so I doubt not that they have also suffered more by the alarm than the real state of things rendered necessary. It is for them, too, to look at home, and provide, as they well can, to meet the emergency from their own resources, keeping up a good courage, as the immense abundance of their means, however now temporarily depressed, will justify; but above all, keeping up pure and unbroken, their good faith. That done, let them join us in demanding and applying the PUBLIC LANDS held by the United States, as a fund for the payment of the loans already made by the States, for their several plans of internal improvement, or which may be necessary to carry them into complete execution. This immense domain derives all its pecuniary value, and most of its capacity to become useful to man, and to support future settlements, communities and commonwealths, from the population, the trade, and industry, and from the roads and canals of the older States. The most just appropriation then, of their proceeds, is, to distribute them amongst those by whom these lands were originally acquired, and for whose benefit they are now confessedly held. The wisest appropriation of these proceeds is to apply them to those undertakings which have already almost created the fund itself, and every extension of which will add an additional value to the inexhaustible capital which can thus furnish to the States the means of universal and national improvement.

In the meanwhile it is for us, the Legislators of New York, to erect ourselves to a full sense of our duties as well as of our powers. We must show ourselves worthy of the great trust now committed to our charge. This is a great pecuniary, financial and commercial crisis. Let us meet it neither in reckless blindness nor in prostrate despair.

Let us prove ourselves worthy of the places we here occupy, by following those great examples, which are peculiarly our own. Let us show ourselves worthy of the blood of the Dutch ancestors of the founders of our commonwealth, who in the most perilous days of their early history, abated "no jot of heart or hope," but looked calmly through present danger to fulfil their duties to the future; who, when engaged in desperate conflict for their liberties, civil and religious, their very existence, at that very moment seized the commerce of the world, and yet could pause to lay broad the foundation of those universities, for many a year after, the nurseries of scholars, and patriots, the chosen seats of science, learning, medicine and law. Let us prove ourselves not unworthy of kindred with those other indomitable Burghers, who in an after day of like peril, when invading armies occupied their open

country, when their cities were saved only by inundating the surrounding fields, could yet calmly fit out that navy which swept the narrow seas, and those other still more powerful commercial fleets that brought home the wealth of America and India, to array half Europe subsidized in their service. In the hour of triumph they proudly struck the image of those fleets upon their coins, adding in language breathing the spirit as well as the taste of antiquity: *SIC FINES, LEGES, TUTAMUR ET UNDAS.* These fleets, fitted out in the midst of gloom and disaster, were "the defence of our ocean rights, of our laws and of our land."

So, too, we may hereafter proudly and gratefully point to our public works, carried forward with unabated courage in the midst of the deepest difficulties, and becoming in their turn the support of our credit, the restorers of our commerce, and the ever-springing sources of private and public wealth.

But why do I speak of older and foreign examples? Let us imbibe the spirit of the fathers of our own State, of Jay, Livingston, Clinton, and their associates in the Provincial Convention, who, in the intervals of retreat before an advancing enemy, formed that Constitution which first embodied our rights and liberties—of those patriots who could not even find a village printer to publish their labors, until they reached the little military press at Fishkill where was struck off that humble (and now rare) pamphlet, the first edition of our State Constitution—far more precious in my eyes than those prized volumes for which nobles and kings have vied in the purchase.

Especially, let not the Senators of New York show ourselves unworthy to succeed the Schuylers and Van Cortlands, who in the war of 1776, when the enemy was in possession of the Capital and the coast, when village after village was wrapt in flames, when even Albany was threatened, could coolly devote themselves to the gravest duties of peaceful legislation, and lay the broad and solid foundation of our republican jurisprudence—the rule of descents, the abrogation of entails, the security of jury trials and the habeas corpus, and all those essential provisions that form and mould the habits and character of a free people.

Humble as are our duties compared with theirs—free from personal danger as is our situation, we may strive to imitate their wise and bold spirit—we can emulate their unshaken firmness.

Yet our duties are not humble. Men may scoff at the legislation which is concerned in dollars and cents and loans and debts, as poor and peddling business, as the affairs of proprietors and speculators, as involving no great principles, as exciting no elevated motives. But these are matters going directly to the happiness of millions. These dollars and cents, and debts and loans, and expenditures, must govern the industry and the enterprise of the merchant, the manufacturer and the mechanic, and enlarge or abridge the daily comforts, perhaps even the daily support of the laborer and his family. They affect alike the young man's dearest hopes and fears, and the security and ease of honored old age.

Let us then use well and wisely the means that Providence has placed under our control. So doing, we shall accomplish more than it has been for many a year in the power of any American Legislature to effect, in restoring shattered credit, in reanimating prostrate commerce, in reinvigorating disheartened labor and enterprise.